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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In Re:) **Case No. BKS-09-19551 BAM**
) **Chapter 13**
MICHAEL A. RIGA)
) **Hearing Date: September 3, 2009**
) **Hearing Time: 3:30 pm**
Debtor(s).)
)
)
)
)
)

**MOTION TO VALUE COLLATERAL, "STRIP OFF" AND MODIFY RIGHTS OF
HSBC/MS PURSUANT TO 11 U.S.C. §506(a) AND §1322**

Debtor, Michael A. Riga, by and through attorney Sam Benevento hereby move this Court for its Order valuing collateral and modifying the rights of Creditor HSBC/MS ("HSBC/MS") pursuant to 11 U.S.C. §506(a), and §1322, and Bankruptcy Rules 3012 and 9014. In furtherance of this motion, Debtor states as follows:

1. Debtor filed the above captioned Chapter 13, Case Number 09-19551BAM on June 5, 2009.
2. On the petition date, Debtor owned real property located at 3791 Full Moon Drive Las Vegas, NV 89115, legally described as:
Craig Park Unit 4, Plat Book 56, Page 48, Lot 133, Block 1
APN 140-06-312-036,
(hereinafter the "Property").
3. The value of the Property was \$57,000.00 as of the petition date. See appraisal

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attached hereto as Exhibit "1".

4. As of the petition date, the Property was encumbered by a First Trust Deed in favor of HomeQ securing a note with a principal balance of \$179,885.00.
5. As of the petition date, no equity existed in the Property above the claim of HomeQ with respect to the First Trust Deed.
6. HSBC/MS holds a Second Trust Deed securing a note with a principal balance of \$75,351.00. This Second Trust Deed was wholly unsecured on the petition date and if the Property were to be sold at auction, HSBC/MS would receive nothing with respect to the Second Trust Deed. This Second Trust Deed was recorded in the Office of the Clark County Recorder as instrument 20060815-02930 on August 15, 2006.
7. The Debtor therefore takes the position that HSBC/MS's note secured by Second Trust Deed is unsecured and should be reclassified as a general unsecured claim to receive pro rata with other general unsecured creditors through the Debtors' Chapter 13 Plan.

LEGAL ARGUMENT

In *In re Zimmer*, 313 F.3d 1220 (9th Cir. 2002), the Court stated that a wholly unsecured lien holder's claim can be modified and reclassified as a general unsecured claim pursuant to 11 U.S.C. §506(a), despite the anti-modification language in §1322(b)(2). Specifically, the Court held:

Section 506(a) divides creditors' claims into "secured...claims" and "unsecured claims." Although the conventional interpretation of "secured" might include any claim in which the creditor has a security interest in the debtor's property, § 506(a) makes clear that the status of a claim depends on the valuation of the property. An allowed claim of a creditor secured by a lien on property in which the estate has an interest ... is a secured claim to the extent of the value of such creditor's interest in the estate's interest in such property ... and is an unsecured claim to the extent that the value of such creditor's interest ... is less than the amount of such allowed claim

...

To put it more simply, a claim such as a mortgage is not a "secured claim" to the extent that it exceeds the value of the property that secures it. Under the Bankruptcy Code, "secured claim" is thus a term of art; not every claim that is secured by a lien on property will be considered a "secured claim." Here, it is plain that PSB Lending's claim for the repayment of its loan is an unsecured claim, because its deed of trust is junior to the first deed of trust, and the value of the loan secured by the first deed of trust is greater than the value of the house.

Since HSBC/MS's Second Trust Deed is wholly unsecured (in that there is no equity above the first mortgage in the Property), this Court should reclassify HSBC/MS's second mortgage claim to a general unsecured claim to be receive pro rata with like unsecured creditors. HSBC/MS should also be stripped of its secured rights under State law and the recorded Second Trust Deed should be expunged from the county records to give effect to this Court's order.

Moreover, Debtor may bring a motion to "strip off" HSBC/MS's Second Trust Deed and is not required to file an adversary proceeding. *See In re Williams*, 166 B.R. 615 (Bankr.E.D.Va.1994), *In re Fuller*, 255 B.R. 300 (Bankr.W.D.Mich.2000), *In re Hoskins*, 262 B.R. 693 (Bankr.E.D.Mich.2001), *In re King*, 290 B.R. 641 (Bankr.C.D.Ill.2003), *In re Millsbaugh*, 302 B.R. 90 (Bankr.D.Idaho 2003), *Dickey v. Ben. Fin. (In re Dickey)* 293 B.R. 360 (Bankr.M.D.Pa.2003), *In re Hill*, 304 B.R. 800 (Bankr.S.D.Ohio 2003); *In re Sadala* 294 B.R. 180 (Bankr.M.D.Fla.2003), *In re Fisher*, 289 B.R. 544 (Bankr.W.D.N.Y.2003), *In re Robert*, 313 B.R. 545 (Bankr.N.D.N.Y.2004), *In re Bennett*, 312 B.R. 843 (Bankr.W.D.Ky.2004).

WHEREFORE, Debtor prays that this Court:

1. Find that HSBC/MS is not a holder of a lien on the Property with respect to the Second Trust Deed.

///

2. Immediately avoid, "Strip off", extinguish and expunge from the County Recorder
HSBC/MS's wholly unsecured Second Trust Deed from the Property pursuant to 11 U.S.C.

Section 506(a);

3. Reclassify HSBC/MS's claim as a general unsecured claim to be paid pro rata with
other general unsecured creditors through the debtor's chapter 13 plan;

4. Such other relief the Court finds appropriate.

Dated: July 27, 2009

/s/ Sam Benevento, Esq.
Sam Benevento
Attorney for Debtor(s)

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APPRAISAL OF REAL PROPERTY

LOCATED AT:

3791 Full Moon Drive
Craig Park Unit 4, Plat Book 56, Page 48, Lot 133, Block 1
Las Vegas, NV 89115-1241

FOR:

Riga, Michael
3791 Full Moon Drive, Las Vegas, NV 89115

AS OF:

July 10, 2009

BY:

Travis T. Gliko

Uniform Residential Appraisal Report

File # 0083096

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address 3791 Full Moon Drive City Las Vegas State NV Zip Code 89115-1241

Borrower Riga, Michael Owner of Public Record Riga, Michael County Clark

Legal Description Craig Park Unit 4, Plat Book 56, Page 48, Lot 133, Block 1

Assessor's Parcel # 140-06-312-036 Tax Year 2009 R.E. Taxes \$ 1,453.97

Neighborhood Name Craig Park Map Reference Metro Map 36-A2 Census Tract 0047.15

Occupant ☒ Owner ☐ Tenant ☐ Vacant Special Assessments \$ N/A ☐ PUD HOA \$ None ☐ per year ☐ per month

Property Rights Appraised ☒ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☒ Other (describe) Bankruptcy

Lender/Client Riga, Michael Address 3791 Full Moon Drive, Las Vegas, NV 89115

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☒ No

Report data source(s) used, offering price(s), and date(s). Assessor, MLS

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. N/A

Contract Price \$ N/A Date of Contract N/A Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s) N/A

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No

If Yes, report the total dollar amount and describe the items to be paid. N/A

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Declining	PRICE	AGE	One-Unit	60 %		
Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input checked="" type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	5 %		
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	30	Low 1	Multi-Family	5 %		
Neighborhood Boundaries The Subjects' Market is bounded to the North by Craig Road, South by Las Vegas Blvd, East by Nellis Blvd, and West by Pecos Road.		180+	High 39	Commercial	5 %		
Neighborhood Description The subject is located within close proximity to recreational facilities as well as parks. Employment centers are close by along with schools and major highways. No adverse factors affecting marketability were noted at time of inspection. Commercial uses are located along main routes and have no negative impact.		75	Pred. 13	Other	25 %		

Market Conditions (including support for the above conclusions) Subject's market area activity is declining at this time. Prices appear to be softening due to over supply. Conventional financing is tightening, causing a smaller group of qualified buyers. Units typically sell within 1-90 day time frame if competitively priced and marketed properly. Lone discounts, interest buydowns, and concessions are typical.

Dimensions Refer to Plat Map Area 5,785 SF Shape Irregular View Average

Specific Zoning Classification R-2 Zoning Description Medium Density Residential

Zoning Compliance ☒ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private

Electricity ☒ ☐ Water ☒ ☐ Street Asphalt ☒ ☐

Gas ☒ ☐ Sanitary Sewer ☒ ☐ Alley None ☒ ☐

FEMA Special Flood Hazard Area ☐ Yes ☒ No FEMA Flood Zone X FEMA Map # 32003C2180E FEMA Map Date 9/27/2002

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe

The appraiser has no knowledge of any environmental conditions and is not an expert in environmental assessments.

General Description		Foundation		Exterior Description materials/condition		Interior materials/condition	
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	Conc./Avg	Floors	Cpt.Tile,Vinyl/Avg		
# of Stories 1	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	Stucco/Avg	Walls	Drywall/Avg		
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Area None sq.ft.	Roof Surface	Tile/Avg	Trim/Finish	Wood/Avg		
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish N/A %	Gutters & Downspouts	O/H/Avg	Bath Floor	Tile,Vinyl/Avg		
Design (Style) Conv./Avg	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	Alum Slid/Avg	Bath Wainscot	Fiberglass/Avg		
Year Built 1994	Evidence of <input type="checkbox"/> Infestation <input type="checkbox"/> None Obsv	Storm Sash/Insulated	Thermal/Avg	Car Storage	<input type="checkbox"/> None		
Effective Age (Yrs) 9 Years	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	Yes/Avg	<input checked="" type="checkbox"/> Driveway # of Cars 2			
Attic <input type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities	Woodstove(s) #	Driveway Surface	Concrete		
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other <input type="checkbox"/> Fuel Gas	<input checked="" type="checkbox"/> Fireplace(s) # 1	<input checked="" type="checkbox"/> Fence Block	<input checked="" type="checkbox"/> Garage # of Cars 2			
<input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck Cov	<input type="checkbox"/> Porch	<input type="checkbox"/> Carport # of Cars			
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Pool	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in			

Appliances ☒ Refrigerator ☒ Range/Oven ☒ Dishwasher ☒ Disposal ☒ Microwave ☐ Washer/Dryer ☐ Other (describe)

Finished area above grade contains: 6 Rooms 3 Bedrooms 2.00 Bath(s) 1,316 Square Feet of Gross Living Area Above Grade

Additional features (special energy efficient items, etc.). 40 gallon water heater, rear fenced yard. The subject is adequately maintained resulting an effective age of 9 years.

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). The subject is considered to be of average quality construction, in overall average condition. No external or functional inadequacies observed at time of inspection. Physical depreciation calculated using the age/life method. Roof cover appears to be in average condition. Floor plan is adequate.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe

Uniform Residential Appraisal Report

File # 0083096

There are 10+- comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 55,000 to \$ 134,900	
There are 31+- comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 49,000 to \$ 165,000	
FEATURE	SUBJECT
Address	3791 Full Moon Drive Las Vegas, NV 89115-1241
Proximity to Subject	0.09 miles NE
Sale Price	\$ N/A
Sale Price/Gross Liv. Area	\$ 51.67 sq.ft.
Data Source(s)	MLS # 912819 DOM 49
Verification Source(s)	APN # 140-06-312-010
VALUE ADJUSTMENTS	DESCRIPTION +(-) \$ Adjustment
Sales or Financing	FHA Finc.
Concessions	2.7% Slr Cntrb
Date of Sale/Time	04/28/2009
Location	Suburban
Leasehold/Fee Simple	Fee Simple
Site	5,785 SF
View	Average
Design (Style)	Conv./Avg
Quality of Construction	Average
Actual Age	1994
Condition	Average
Above Grade	Total Bdrms. Baths
Room Count	6 3 2.00
Gross Living Area	1,316 sq.ft.
Basement & Finished	None
Rooms Below Grade	N/A
Functional Utility	Average
Heating/Cooling	GFWA/Cent
Energy Efficient Items	None Known
Garage/Carport	Garage 2
Porch/Patio/Deck	Covered Patio
Fireplace	FP 1
Int/Ext Features/Upgrades	Average
Net Adjustment (Total)	\$ -11,160
Adjusted Sale Price of Comparables	\$ 56,840
I <input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain	
My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.	
Data Source(s) Assessor, MLS	
My research <input checked="" type="checkbox"/> did <input type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.	
Data Source(s) Assessor, MLS	
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).	
ITEM	SUBJECT
Date of Prior Sale/Transfer	02/03/2009 \$94,600 (TD)
Price of Prior Sale/Transfer	None Noted/3 yrs
Data Source(s)	Assessor
Effective Date of Data Source(s)	07/10/2009
Analysis of prior sale or transfer history of the subject property and comparable sales The subject and sales has not been sold within the last 3 years except as as given in the grid of the sales comparison approach.	
Summary of Sales Comparison Approach The subject's design, size, age, and maintenance level is compatible with the neighborhood. The closed sales displayed in the analysis were considered to be the most comparable to the subject and the best indicators of value for the subject. They are all considered reasonable purchase alternatives. A reasonable alternative reflects the economic principle of "substitution" whereby a well informed or well advised purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute. Dollar adjustments are an estimate reflecting the market's reaction to the difference in the properties, not necessarily the cost of the difference. A "none noted" amenity entry indicates that the appraiser could not ascertain the existence or non-existence of that amenity and accordingly no adjustments were made. Sites typical in size and utility were not adjusted for their square foot differences. In estimating market value each comparable was given equal consideration after market recognized adjustments were made.	
Indicated Value by Sales Comparison Approach \$ 57,000	
Indicated Value by: Sales Comparison Approach \$ 57,000 Cost Approach (if developed) \$ Not Develop Income Approach (if developed) \$ N/A	
Greatest consideration on Sales Comparison Analysis as the action of buyers and sellers are reflected therein. The Cost Analysis is not applicable with the exception of FHA financing of homes new to 12 months old. When provided, it is per lender request or information only.	
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. This appraisal is made "As Is" and is 100% complete. No personal property is included in the final value estimate.	
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 57,000 as of July 10, 2009, which is the date of inspection and the effective date of this appraisal.	

Uniform Residential Appraisal Report

File # 0083096

COMPARABLE SALES AND LISTINGS:

All sales and listing #1 utilized within the context of this report are bank owned properties. This is unavoidable and not uncommon to utilize bank sales and listings due to the declining market within the subjects market area at time of inspection. The sales have been given negative time adjustments due to their prior contract dates, the subjects declining market, and lower available listings and pendencies within the subjects market area.

ELECTRONIC SIGNATURE:

The electronic signature, which has been securely affixed to this report, carries the same level of authenticity as a traditional signature.

ADDITIONAL COMMENTS:

This appraisal report is not a home inspection, the appraiser only performed a visual inspection of accessible areas and that the appraisal cannot be relied upon to disclose conditions and/or defects in the property.

MARKET CONDITIONS:

Subject's market area activity is declining at this time. Prices appear to be softening due to over supply. Conventional financing is tightening, causing a smaller group of qualified buyers. Units typically sell within 1-90 day time frame if competitively priced and marketed property. Loan discounts, interest buydowns, and concessions are typical.

"Greater Las Vegas Association of Realtors Reports"

The inventory of homes declined 9.3% from a year ago to 21,181; leaving an estimated seven month supply. Realtors sold 3,255 single family homes during the month of May, a 60.7% increase from a year ago. The median price was \$140,000, down 40.9% from May 2008. The median price dipped 1.2%, or \$1,720.00 from the previous month, the smallest decline since November 2007. For condos and townhomes, the median price was \$65,000, down 53.4% from a year ago, but up 8% from a month ago. Inventory grew 2.3% to 5,572. Foreclosure properties account for about 80% of Las Vegas home sales. Realtors took 4,211 new listings in May at an average price of \$150,000, down 3.8% from the previous month and 36.2% from a year ago.

ADDITIONAL COMMENTS

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

COST APPROACH

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW

Source of cost data

Quality rating from cost service

Effective date of cost data

Comments on Cost Approach (gross living area calculations, depreciation, etc.)

OPINION OF SITE VALUE

= \$

DWELLING

Sq.Ft. @ \$

= \$

Sq.Ft. @ \$

= \$

Garage/Carport

Sq.Ft. @ \$

= \$

Total Estimate of Cost-New

= \$

Less

Physical

Functional

External

Depreciation

= \$(

Depreciated Cost of Improvements

= \$

"As-is" Value of Site Improvements

= \$

Estimated Remaining Economic Life (HUD and VA only)

Years

INDICATED VALUE BY COST APPROACH

= \$

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$

N/A

X Gross Rent Multiplier

N/A

= \$

N/A

Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

N/A

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases

Total number of units

Total number of units sold

Total number of units rented

Total number of units for sale

Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Uniform Residential Appraisal Report

File # 0083096

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

File # 0083096

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

File # 0083096

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

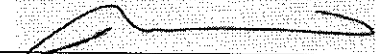
SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature 
 Name Travis T. Gliko
 Company Name Desert Appraisals, LLC
 Company Address 6295 McLeod Drive, Suite 18, Las Vegas, NV
89120
 Telephone Number (702) 730-2989
 Email Address travis@desertappraisalsnv.com
 Date of Signature and Report July 10, 2009
 Effective Date of Appraisal July 10, 2009
 State Certification # A0005721-CR
 or State License # _____
 or Other (describe) _____ State # _____
 State NV
 Expiration Date of Certification or License 12/31/2010

ADDRESS OF PROPERTY APPRAISED

3791 Full Moon Drive
Las Vegas, NV 89115-1241

APPRAISED VALUE OF SUBJECT PROPERTY \$ 57,000

LENDER/CLIENT

Name _____
 Company Name Riga, Michael
 Company Address 3791 Full Moon Drive, Las Vegas, NV 89115
 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- ☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
 Date of Inspection _____
☐ Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- ☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
 Date of Inspection _____

Uniform Residential Appraisal Report

File # 0083096

FEATURE		SUBJECT	COMPARABLE SALE #4		COMPARABLE SALE #5		COMPARABLE SALE #6	
Address		3791 Full Moon Drive Las Vegas, NV 89115-1241	3941 Blue Wave Drive Las Vegas		3823 Aspen Springs Avenue Las Vegas		3946 Via Lucia Drive Las Vegas	
Proximity to Subject			0.49 miles SW		0.44 miles S		0.50 miles SW	
Sale Price		\$ N/A	\$ 60,000		\$ 64,900		\$ 60,000	
Sale Price/Gross Liv. Area		\$ N/A sq.ft.	\$ 48.12 sq.ft.		\$ 50.90 sq.ft.		\$ 44.61 sq.ft.	
Data Source(s)			MLS # 931379 DOM 3		MLS # 928420 DOM 10		MLS # 942801 DOM 32	
Verification Source(s)			APN # 140-07-11-044		APN # 140-07-113-051		APN # 140-07-112-050	
VALUE ADJUSTMENTS		DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sales or Financing			Cash		FHA Finc.		N/A	
Concessions			No Slr Cntrb		Unknown		N/A	
Date of Sale/Time			05/26/2009	-3,600	Pending Sale		Active Listing	
Location		Suburban	Suburban		Suburban		Suburban	
Leasehold/Fee Simple		Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site		5,785 SF	4,126 SF		4,415 SF		4,047 SF	
View		Average	Average		Average		Average	
Design (Style)		Conv./Avg	Conv./Avg		Conv./Avg		Conv./Avg	
Quality of Construction		Average	Average		Average		Average	
Actual Age		1994	1997		2000		1998	
Condition		Average	Average		Average		Average	
Above Grade		Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Room Count		6 3 2.00	5 3 2.00		5 3 2.00		5 3 2.00	
Gross Living Area		1,316 sq.ft.	1,247 sq.ft.	0	1,275 sq.ft.	0	1,345 sq.ft.	0
Basement & Finished Rooms Below Grade		None	None		None		None	
Functional Utility		Average	Average		Average		Average	
Heating/Cooling		GFWA/Cent	GFWA/Cent		GFWA/Cent		GFWA/Cent	
Energy Efficient Items		None Known	None Known		None Known		None Known	
Garage/Carport		Garage 2	Garage 2		Garage 2		Garage 2	
Porch/Patio/Deck		Covered Patio	Covered Patio		Concrete Patio	+1,000	Concrete Patio	+1,000
Fireplace		FP 1	No FP	+500	No FP	+500	FP 1	
Int/Ext Features/Upgrades		Average	Superior	-4,500	Superior	-3,500	Superior	-2,500
Net Adjustment (Total)				\$ -7,600		\$ -2,000		\$ -1,500
Adjusted-Sale Price of Comparables			Net Adj. 12.7 % Gross Adj. 14.3 %	\$ 52,400	Net Adj. 3.1 % Gross Adj. 7.7 %	\$ 62,900	Net Adj. 2.5 % Gross Adj. 5.8 %	\$ 58,500
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).								
ITEM		SUBJECT	COMPARABLE SALE #4		COMPARABLE SALE #5		COMPARABLE SALE #6	
Date of Prior Sale/Transfer			04/01/2009		03/31/2009 \$177,525 (TD)		12/28/2006	
Price of Prior Sale/Transfer		None Noted/3 yrs	\$53,068 (TD)		\$204,554		\$235,000	
Data Source(s)		Assessor	Assessor		Assessor		Assessor	
Effective Date of Data Source(s)		07/10/2009	07/10/2009		07/10/2009		07/10/2009	
Analysis of prior sale or transfer history of the subject property and comparable sales								
Analysis/Comments								

APPRAISER CERTIFICATE**STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY****NOT TRANSFERABLE****REAL ESTATE DIVISION****NOT TRANSFERABLE**This is to Certify That: **TRAVIS GLIKO**Certificate Number: **A.0005721-CR**

Is duly authorized to act as a **CERTIFIED RESIDENTIAL APPRAISER** from the issue date to the expiration date at the business address stated here in, unless the certificate is sooner revoked, cancelled, withdrawn, or invalidated.

Issue Date: **December 09, 2008**Expire Date: **December 31, 2010**

In witness whereof, THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION, by virtue of the authority vested in it by Chapter 645C of the Nevada Revised Statutes, has caused this Certificate to be issued with its Seal printed thereon. This certificate must be conspicuously displayed in place of business.

FOR: **DESERT APPRAISALS LLC**
6295 MCLEOD DR STE 18
LAS VEGAS, NV 89120

REAL ESTATE DIVISION

ANN M McDERMOTT
Administrator



Building Sketch

Borrower/Client	Riga, Michael		
Property Address	3791 Full Moon Drive		
City	Las Vegas	County	Clark
State	NV	Zip Code	89115-1241
Lender	Riga, Michael		

Sketch by Apex A™

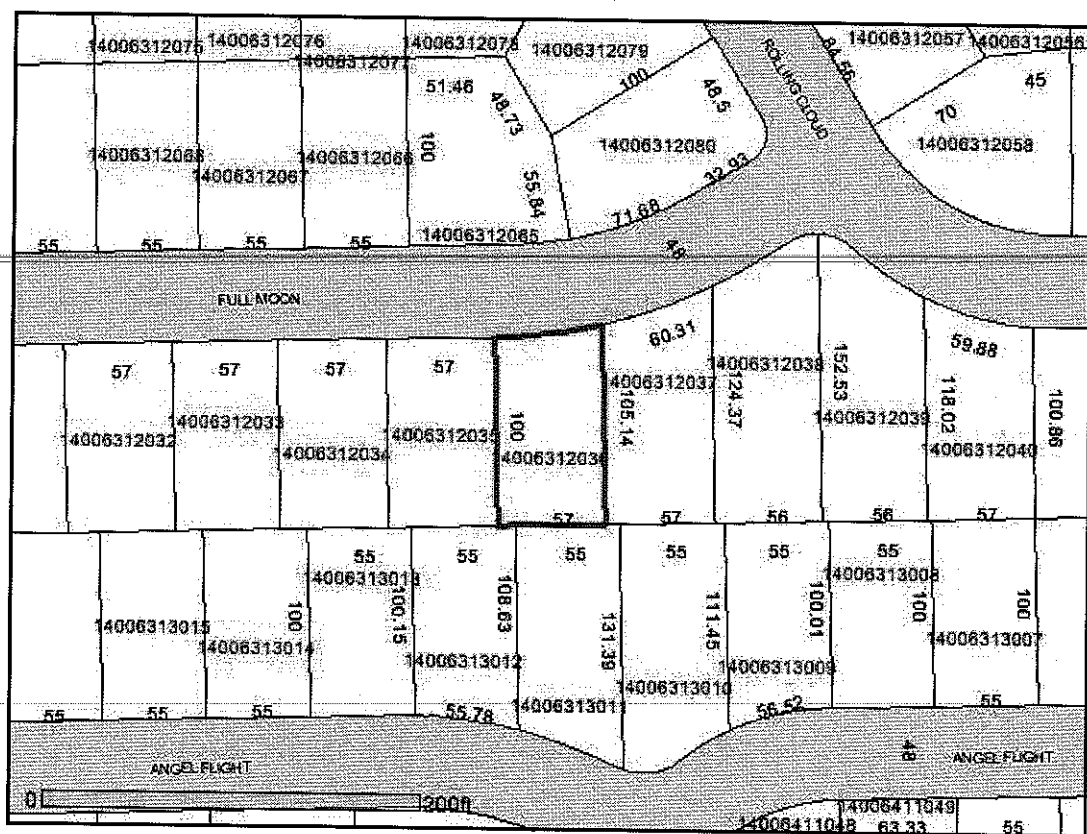
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1316.0	1316.0
Net LIVABLE Area		(Rounded)	1316

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
23.0	x	40.0	920.0
11.0	x	36.0	396.0
2 Items			(Rounded) 1316

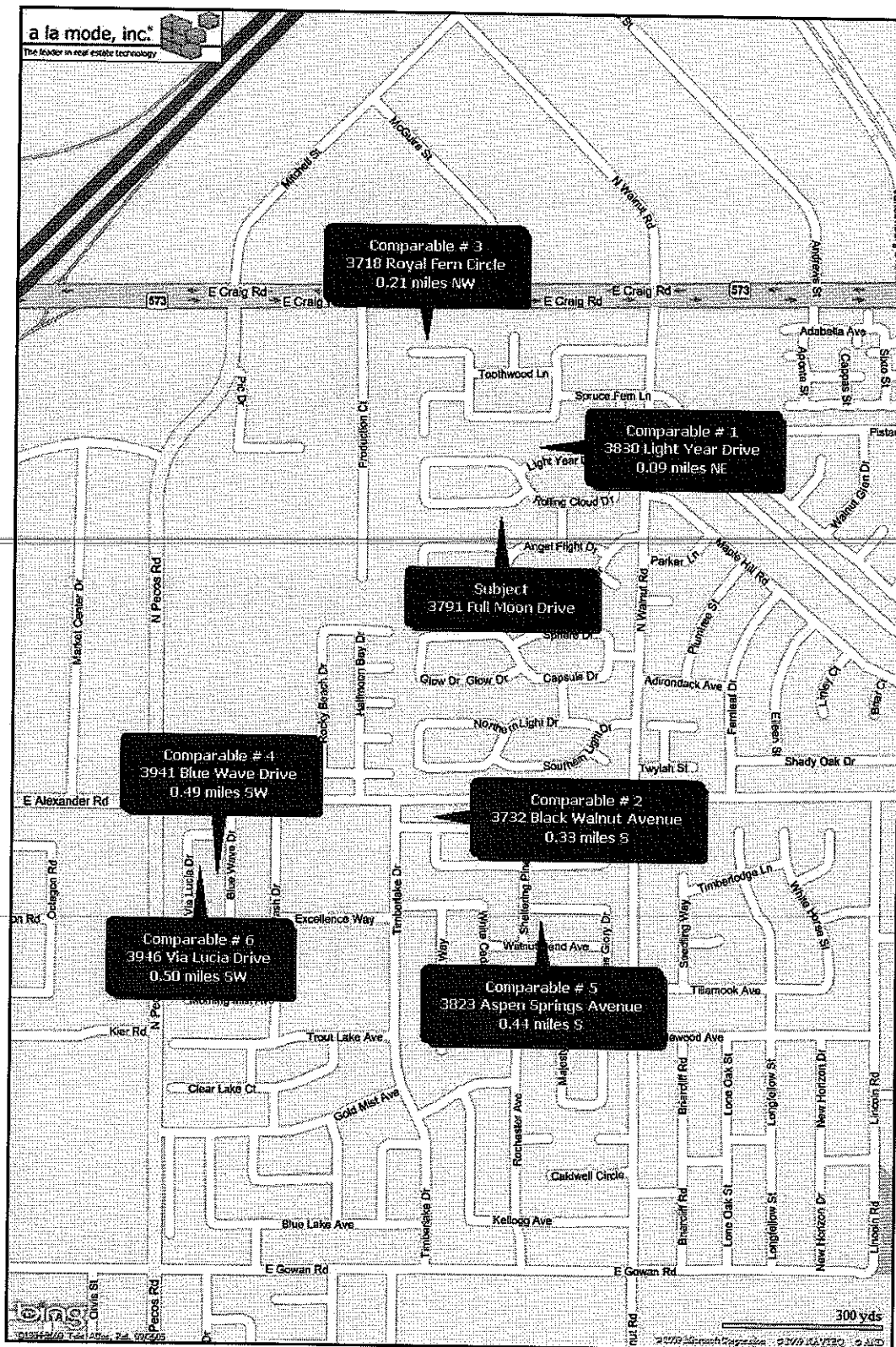
Plat Map

Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV
Lender	Riga, Michael	Zip Code	89115-1241		



Location Map

Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV
Lender	Riga, Michael			Zip Code	89115-1241

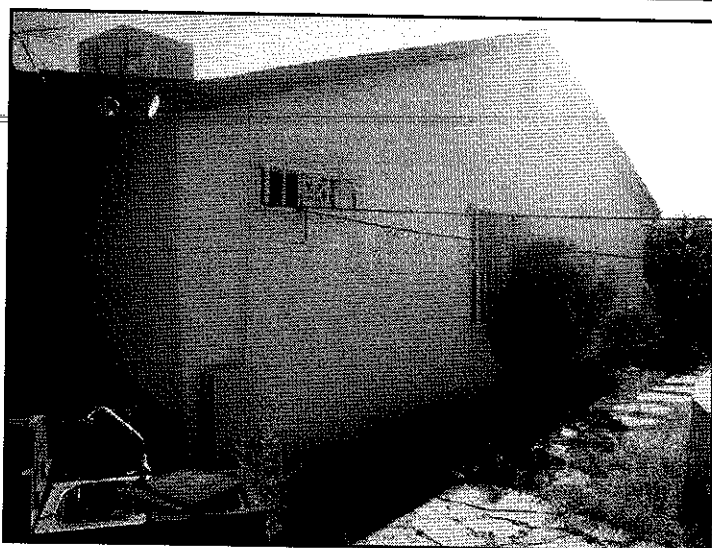
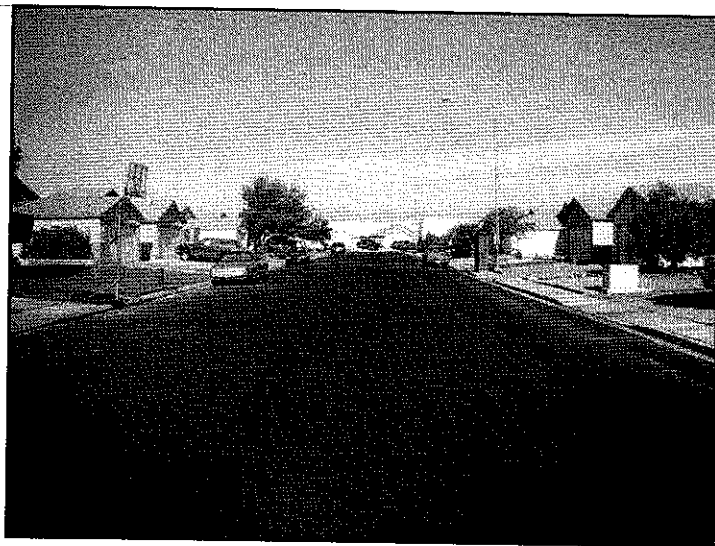


Subject Photo Page

Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV
Lender	Riga, Michael			Zip Code	89115-1241

**Subject Front**

3791 Full Moon Drive
Sales Price N/A
Gross Living Area 1,316
Total Rooms 6
Total Bedrooms 3
Total Bathrooms 2.00
Location Suburban
View Average
Site 5,785 SF
Quality Average
Age 1994

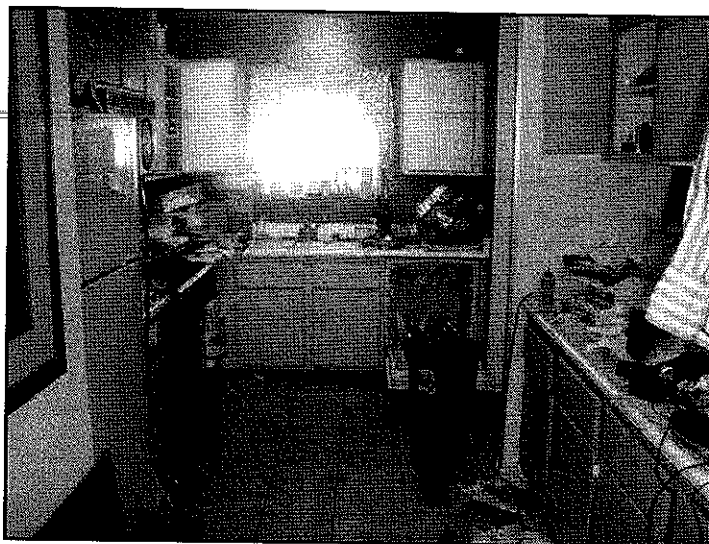
**Subject Rear****Subject Street**

PHOTOGRAPH ADDENDUM

Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV Zip Code 89115-1241
Lender	Riga, Michael				



Living Room



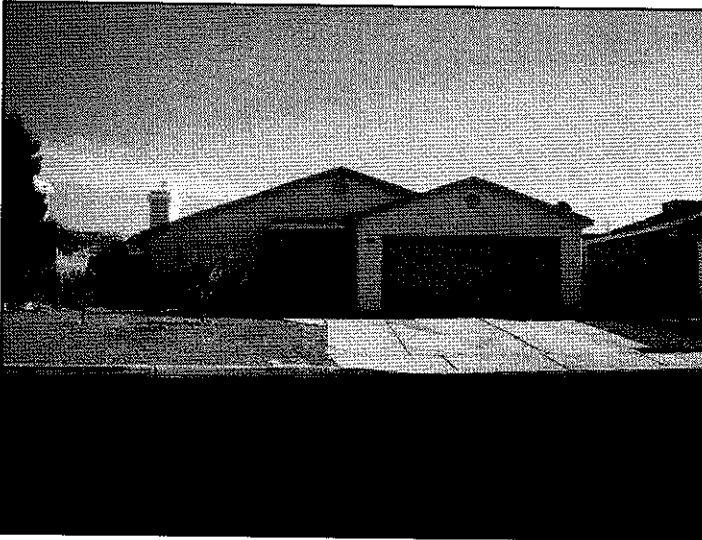
Kitchen



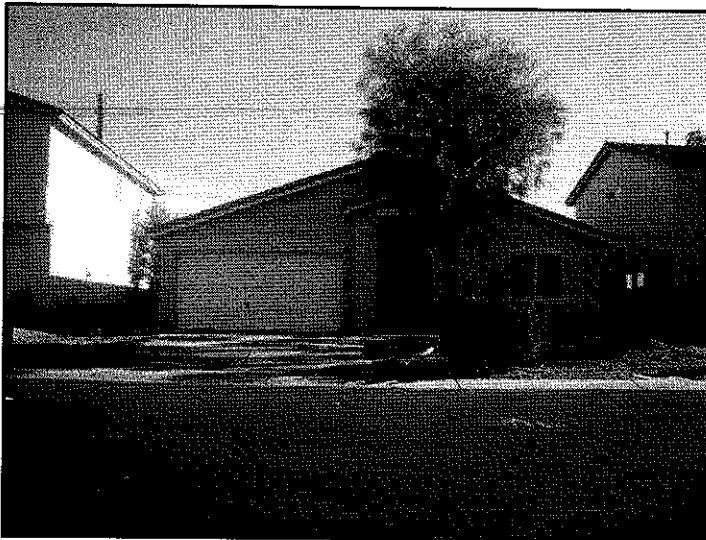
Dining Area

Comparable Photo Page

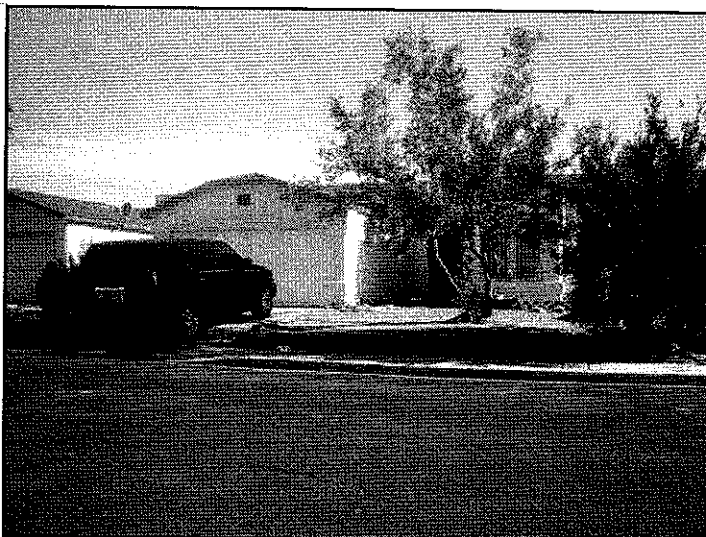
Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV Zip Code 89115-1241
Lender	Riga, Michael				

**Comparable 1**

3830 Light Year Drive
 Prox. to Subject 0.09 miles NE
 Sale Price 68,000
 Gross Living Area 1,316
 Total Rooms 6
 Total Bedrooms 3
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 5,736 SF
 Quality Average
 Age 1994

**Comparable 2**

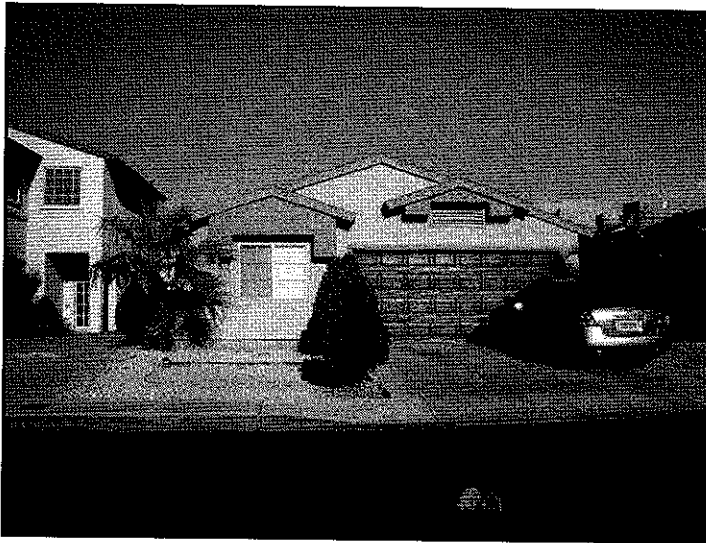
3732 Black Walnut Avenue
 Prox. to Subject 0.33 miles S
 Sale Price 65,000
 Gross Living Area 1,275
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 4,261 SF
 Quality Average
 Age 2000

**Comparable 3**

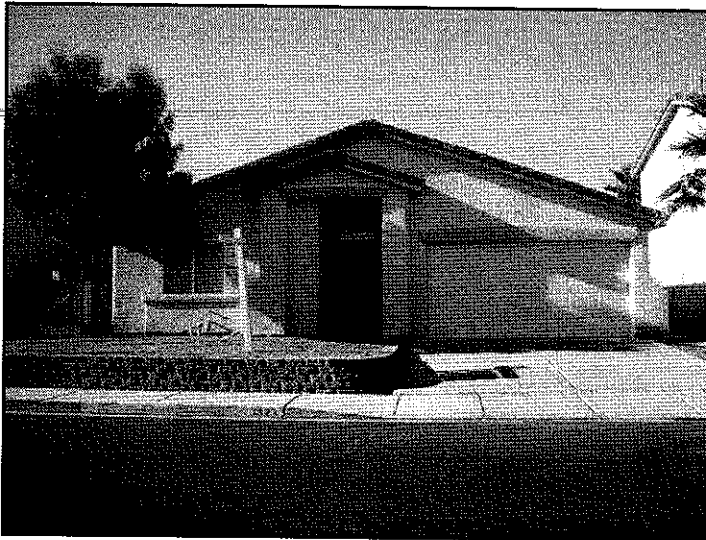
3718 Royal Fern Circle
 Prox. to Subject 0.21 miles NW
 Sale Price 58,000
 Gross Living Area 1,346
 Total Rooms 6
 Total Bedrooms 4
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 5,003 SF
 Quality Average
 Age 1995

Comparable Photo Page

Borrower/Client	Riga, Michael				
Property Address	3791 Full Moon Drive				
City	Las Vegas	County	Clark	State	NV
Lender	Riga, Michael	Zip Code	89115-1241		

**Comparable 4**

3941 Blue Wave Drive
 Prox. to Subject 0.49 miles SW
 Sale Price 60,000
 Gross Living Area 1,247
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 4,126 SF
 Quality Average
 Age 1997

**Comparable 5**

3823 Aspen Springs Avenue
 Prox. to Subject 0.44 miles S
 Sale Price 64,900
 Gross Living Area 1,275
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 4,415 SF
 Quality Average
 Age 2000

**Comparable 6**

3946 Via Lucia Drive
 Prox. to Subject 0.50 miles SW
 Sale Price 60,000
 Gross Living Area 1,345
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.00
 Location Suburban
 View Average
 Site 4,047 SF
 Quality Average
 Age 1998